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UNITED CIGAR-
Whelan Stores
CORPORATION

ANNUAL REPORT 1950

PW & Co.

To the Stockholders of
United Cigar-Whelan Stores Corporation:

Our profit results for the first-quarter of 1951 are now available. After taxes, we earned $166,081 in comparison with a loss of $55,374 in the first quarter of 1950.

For your information: Earnings, after taxes, for the nine months ended March 31, 1951, are approximately 94% *greater* than for the nine months ended March 31, 1950.

WALTER G. BAUMHOGGER
President

UNITED CIGAR-WHELAN STORES CORPORATION

215 FOURTH AVENUE • NEW YORK 3, N. Y.

DIRECTORS

KENNETH J. HANAU* *Chairman of the Board*	Executive Vice President, General Manager and Treasurer, Wagner Baking Corporation
CHARLES ALLEN, JR.*	Senior Partner, Allen & Company
DAVID G. BAIRD	Senior Partner, Baird & Co.
HUGH B. BAKER	Partner, Baker, Weeks & Harden
WALTER G. BAUMHOGGER*	President and Chairman of the Executive Committee
FRANK M. HEAD	Vice President and General Merchandise Manager
HOULDER HUDGINS*	President, Sloane-Blabon Corporation
HAROLD W. JACOBSEN	Vice President and Secretary
HARRY RUBENOFF	Vice President and General Counsel
B. A. TOMPKINS*	Senior Vice President, Bankers Trust Company
DALLAS S. TOWNSEND	Partner, Townsend & Lewis
JOHN WHITNEY	Partner, Riter & Co.

*Member—Executive Committee

OFFICERS

WALTER G. BAUMHOGGER	President
FRANK A. CANONICO	Vice President
HARRY M. CHICHESTER	Vice President
HERMAN H. GOLDSTEIN	Vice President
FRANK M. HEAD	Vice President
HAROLD W. JACOBSEN	Vice President and Secretary
EDWARD KLETTER	Vice President
HARRY RUBENOFF	Vice President and General Counsel
A. HERBERT SMITH	Vice President
PAUL OLSEN	Treasurer, Comptroller and Assistant Secretary
JOHN P. GREGORY	Assistant Treasurer

TRANSFER AGENTS

Convertible Preferred Stock and Common Stock
EMPIRE TRUST COMPANY, NEW YORK, N. Y.

Convertible Preferred Stock and Common Stock
REGISTRAR AND TRANSFER COMPANY, JERSEY CITY, N. J.

REGISTRARS

Convertible Preferred Stock and Common Stock
BANKERS TRUST COMPANY, NEW YORK, N. Y.

Common Stock
COMMERCIAL TRUST COMPANY OF NEW JERSEY, JERSEY CITY, N. J.

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Whelan Drugs
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UNITED CIGAR-WHELAN STORES CORPORATION

April, 1951

TO THE STOCKHOLDERS:

Operations of your corporation in 1950 showed notable progress by the year's end despite a disappointing start.

Profits were at a low ebb during the first seven months but in the last five months there was a complete reversal of the downward trend, both in sales volume and profits, which had continued since 1947.

Profits After Taxes, for the Last Five Months of 1950, Were Approximately 40% Greater Than in the Same Period of 1949.

Sales and Profits

A comparison of sales and profits for 1950 and 1949 follows:

	Total Sales	*Profits Before Taxes*	*Profits After Taxes*
1949	$75,453,957	$935,158	$742,158
1950	74,345,868	894,168	610,168

As you will note, profits *before* taxes in 1950 were somewhat lower than in 1949. The more substantial decline in profits *after* taxes was caused chiefly by two factors: (1) corporation income tax rates were increased during 1950, and (2) in 1949 the corporation benefited from an excess tax provision of prior years that was $89,000 larger than the 1950 credit of $22,000.

More detailed information as to the year's operations will be found in the consolidated financial statements for the year ended December 31, 1950, certified by Price Waterhouse & Co., independent public accountants.

Outlook for 1951

The encouraging upturn in profits which occurred during the last five months of 1950 has continued into 1951, as shown by the following figures:

	Profit/Loss Before Taxes	*Profit/Loss After Taxes*
January and February 1950	$ 67,880	$ 67,880
January and February 1951	91,682	57,182
Improvement—1951 over 1950	$159,562	$125,062

Although the figures for March, 1951, are not yet complete, it is already evident that they will show a substantial improvement over those for March, 1950.

Recent and Current Trends in the Drug Store Industry

In 1946 the percentage of disposable income spent by consumers in drug stores was 2.40%. By 1949 this had declined to 2.02% and there was a further reduction in 1950. This, coupled with the fact that drug store prices remained almost static during a period when other prices were rising, caused drug store sales volume (in identical stores) to decline slowly but steadily until the latter part of 1950. Meanwhile, the cost

of doing business increased without interruption; for example, wages of store employees at the end of 1950 were approximately 40% higher than at the end of 1946. The net effect of these conditions was, obviously, a squeeze on profits.

In the latter part of 1950 these conditions began to correct themselves. The decline in drug store sales volume was halted. In some parts of the country, volume increased.

At the moment, prospects for increased sales volume in drug stores, in 1951, seem to be good. Many new pharmaceutical products, available to the public only at drug stores, are appearing. The tremendous proportion of its income that the public has spent recently on such things as housing, television sets, automobiles, etc. is not likely to continue. Ways and means to combat a relatively new and very important source of competition —retail food supermarkets—are being sought and in many cases are being found. The impression exists that in 1951 the drug store—a distinctly unique type of American institution—is again likely to come into its own.

Dividends and Other Financial Information

Dividends on the corporation's preferred stock have been paid regularly since July 15, 1943. No dividends have been paid on the common stock. Our ambition is to pay dividends on the common stock as soon as possible, but, for reasons that will be obvious in the review of your corporation's long-term program on pages 5 to 9 of this report, such action to date has been deferred.

During 1950, the corporation repurchased 1,000 shares of its outstanding preferred stock, at a price, including commission, of $46.95 per share. It now has in its treasury 6,500 shares, or 13% of the original issue of 50,000 shares. The repurchase of preferred stock reduces the amount of preferred dividends payable annually, reduces the amount of the corporation's obligation to its preferred stockholders, and materially increases the equity of the common stockholders.

The corporation retired the required 1950 installment of $500,000 on its long-term debt, and also prepaid $50,000 on a note due in May, 1951.

Your corporation is in good financial condition. Working capital, at the end of 1950, totaled $13,959,928 (in comparison with $5,432,787 at the end of 1938). The ratio of current assets to current liabilities is 3.4 to 1.

Twelve Year Review—1938-1950

Your present management took office in the latter part of 1938. Shortly thereafter a long-range program of reorganization, modernization and reconstruction was undertaken. As this program has now been substantially completed, it is timely to review what has occurred as a consequence over the past twelve years. This review will also enable stockholders to appraise more accurately what the future holds in store.

* * *

In behalf of the Directors we express our appreciation to the many good people who have worked so hard for the corporation and its stockholders over the years.

Sincerely yours,

Walter J. Baumhoggard

President

Twelve Year Review

1938—1950

The present corporation was organized in July, 1937, as a result of the bankruptcy and reorganization of the predecessor corporation, United Cigar Stores Company of America. For approximately five and a half years prior to the organization of the present corporation the stores, agencies, etc. which it took over from the predecessor corporation had been operated under a Trustee in Reorganization.

As will be understood, operations while in bankruptcy or reorganization are not of the same nature as those that are associated with a healthy and growing business. Among other things, it is difficult to the point of being practically impossible to develop, under such conditions, a competent and aggressive organization. Organizational difficulties were further aggravated by the fact that the new corporation, upon its emergence from bankruptcy, immediately began to show substantial losses.

These are the conditions with which present management was faced when it was engaged in the latter part of 1938 for the primary purpose of rectifying these conditions and attempting to stem losses and then show profits. The following resume will enable stockholders to judge to what extent management has attained these objectives.

The most significant developments affecting your corporation in the last 12 years are described below. The accompanying charts are intended to highlight the more pertinent points.

Three Distinct Periods

The years under review can be divided, roughly, into three periods: (1) 1938 through 1941; (2) 1942 through 1946 and (3) 1947 to date.

Each period presented your management with different problems, but common to all three was the goal set early in 1939: namely, the elimination and replacement of unprofitable stores, modernization and improvement of stores to be continued in operation, reconstruction of the business generally and the development and maintenance of a sound financial condition.

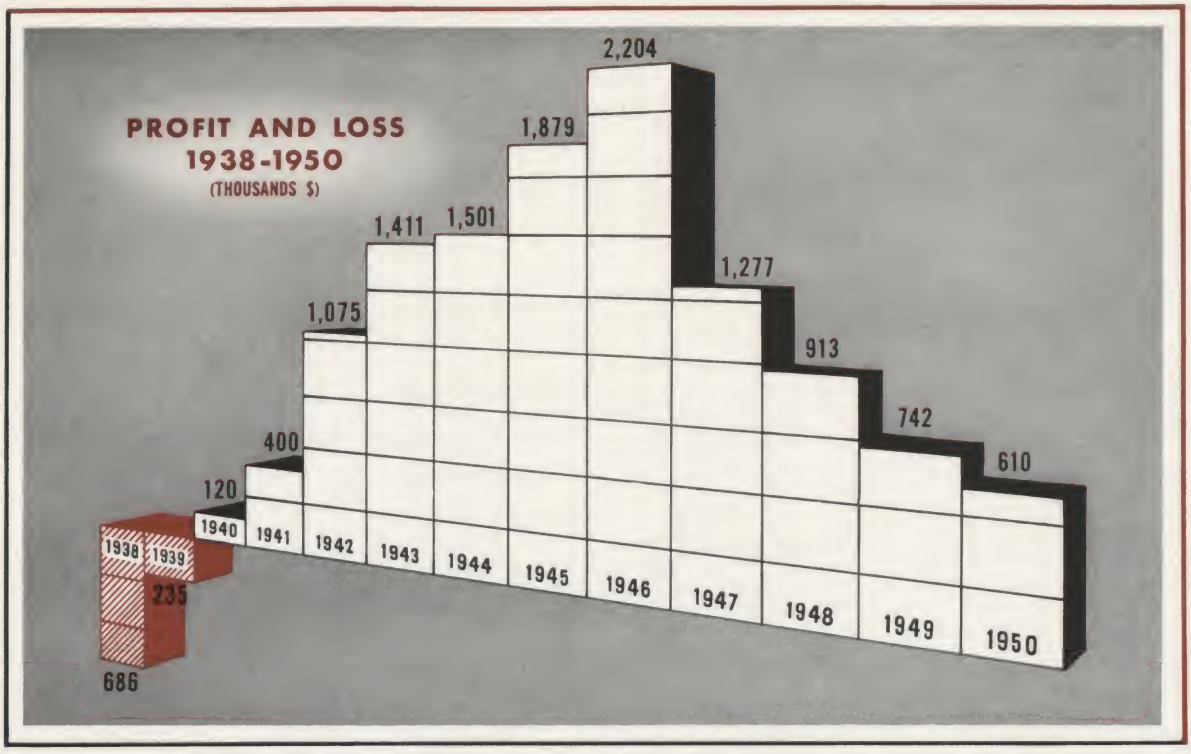
1938-1941

Present management took charge in the latter part of 1938. The years 1939 through 1941 were devoted to planning our "policy line" and then beginning the reconstruction of the entire business structure of the corporation. The following basic plans were decided upon: (1) to gradually but sharply reduce the Cigar Store Division; (2) to improve and develop the Drug Store Division; (3) to expand the Agency Division.

The deficit incurred in 1938 was reduced in 1939 and profits have been earned in all succeeding years, as shown in the chart on page 6.

1942-1946

During these years—the years of World War II—increased consumer expenditures for the products that we sell pushed sales volume to new peaks each year. Inasmuch as operating expenses, in the main, were frozen, new peaks in profits resulted. Because of federal regulations and restrictions, the amount of reconstruction work that could be done during most of this period was limited.



In 1946, as will be mentioned later, two important steps to provide much needed additional capital were taken.

1947 to Date

In our peak year of earnings, 1946, we had not been in the "excess profits bracket." Consequently, when profits, *after taxes,* declined, our reduction in earnings was more precipitous than that of other corporations which were simultaneously relieved of the excess profits tax burden.

This period was marked, until the latter part of 1950, by a progressive decrease in earnings caused by (1) a gradual but steady reduction in sales volume (in identical stores), (2) a constant and uninterrupted increase in the cost of doing business, and (3) an inability, because of relatively fixed prices and competition, to sufficiently increase gross margins.

In the latter part of 1950 these factors began to correct themselves. There was first an elimination of the sales decrease and then a sales increase. Simultaneously, the downward trend in profits was halted, and instead, profits rose rather sharply, as has been reported.

During these years, however, the program of completely overhauling and reconstructing the corporation's business structure was carried on without abatement.

Profits Have Been Retained in the Business

All profits (other than payments of preferred dividends) have been retained in the business to strengthen the corporation's financial position and to finance the reconstruction program. Although holders of common stock have not, for these reasons, received dividends, there has been, since 1939, an increase of $13,288,998 in the equity in the business that is owned by the common stockholders (see chart on opposite page).

Necessity for Reconstruction and How It Was Carried Out

In 1938 we had, as we have today, three Divisions: Cigar Store, Drug Store, and

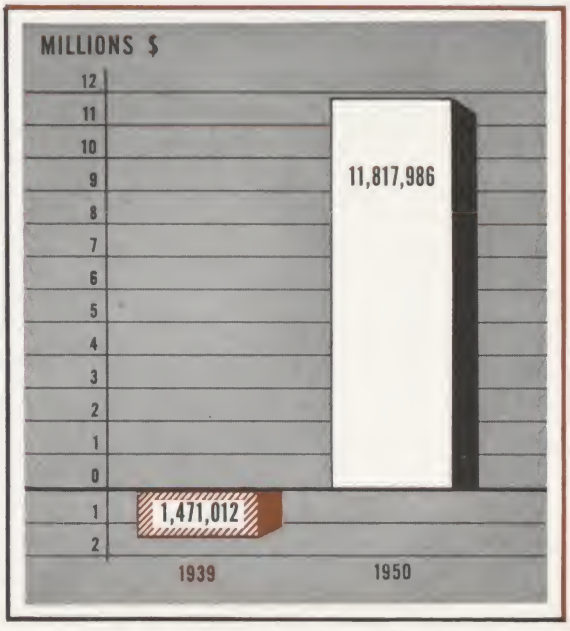
Agency. Our largest volume of business then came from the Cigar Store Division.

It was obvious at the time, because of the constantly lessening profit margin on tobacco products, that a chain of cigar stores would not in the future consistently earn a profit. It was decided, therefore, that the Cigar Store Division should be gradually but sharply reduced, with as little loss as possible; and further, that the corporation's efforts and funds should be concentrated on reconstructing and developing the Drug Store and Agency Divisions.

The Drug Store Division in 1938 consisted chiefly of substandard stores. Many stores were in poor locations, or were of such size and condition that their profit-earning possibilities were nil. Leases, on the whole, were bad.

It is very important in the chain drug store business to be a leading chain in the primary markets in which it operates. In 1938 Whelan was not the top drug store chain in any of the many markets in which it then had stores.

The Drug Store Division had, therefore, to be completely revamped. New locations had to be found; marginal or unprofitable stores had to be closed; leases had to be renegotiated; some stores had to be enlarged; and practically all remaining stores had to be modernized and reequipped.



COMMON STOCKHOLDERS' EQUITY

In addition, an effort had to be made to develop Whelan into the top drug store chain in at least several important markets. This was extremely difficult because other and longer established drug store chains were by 1938 strongly entrenched in practically all the primary marketing areas.

All this had to be done in a period when costs for equipment, leasehold improvements, etc., were constantly increasing.

Because of the corporation's financial position and the amount of capital required for the reconstruction of the Drug Store Division, it was necessary to move slowly at first, and to finance this reconstruction program entirely out of the improvement in profits. In 1946, however, the refinancing described on page 9 provided additional capital.

The major part of the reconstruction of the corporation's Drug Store Division was completed just about a year ago and the corporation is now in an excellent position to capitalize on the anticipated increase in public spending at drug stores.

The reconstruction and alteration of the corporation's business structure has, to date, resulted in the following:

(1) Most of the corporation's cigar stores have been liquidated. At the end of 1938 there were 502. Today there are 69. This reduction has been accomplished without loss to the corporation. Most of the remaining cigar stores will probably be continued in operation indefinitely.

(2) Since 1938, 112 new Whelan Drug Stores have been opened, 108 have been closed, and many others have been enlarged and modernized. At the end of

1950 the corporation operated 195 drug stores, and it is now the top drug chain in several primary markets.

(3) The Agency Division, helped somewhat by the conversion of many former company-owned stores into agencies, has expanded soundly and steadily—and will continue to do so.

From 1938 to 1950, the corporation's sales volume increased almost 50%: from $50,273,470 to $74,345,868.

Increased Capital Was Required

Financing this reconstruction of the business was made difficult, not only by the expenditures required in connection therewith, but also by the increased volume of business, requiring larger inventories, and the constant increase in the cost of doing business, for which additional working capital was essential.

In 1938 it cost approximately $41,000 to fixture and stock the average new drug store; in recent years over $100,000 has been required.

In 1938 a monthly average of $6,265,751 was required for inventories and advances to agents. In 1950 this average was $13,546,316. With sales volume again increasing this average monthly amount will probably be even higher in 1951.

Wages have risen considerably. In the last four years alone, wage rates for Whelan store employees have gone up approximately 40%. Since 1938, wage increases have been well over 100%.

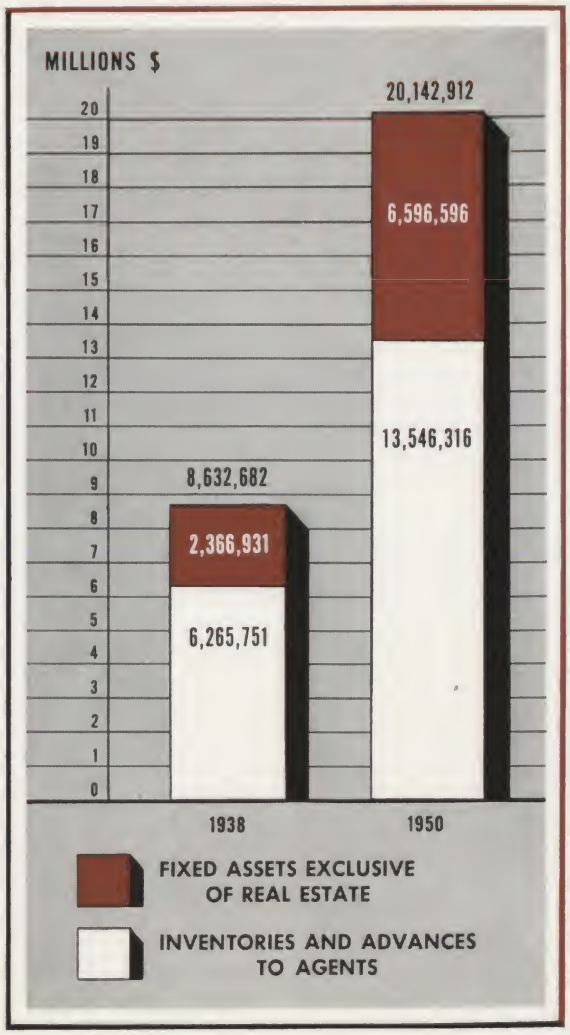
Other elements in operating costs have risen proportionately and all kinds of taxes, especially federal taxes on income, have increased greatly.

For these reasons, a great increase in working capital, both on a per store basis and in total, has been required.

The corporation did not originally have sufficient capital to finance the required reconstruction program, the increase in inventories, etc., and this situation continued despite the fact that profits were thereafter retained in the business. As an indication of the additional capital that has been required, the chart below shows the comparative depreciated book value of the corporation's furniture, fixtures and equipment, leasehold improvements, and construction in progress, and also average monthly investment in inventories and advances to agents, 1938 and 1950.

Refinancing

To obtain part of the capital required for



our reconstruction program the following steps were taken in 1946:

(1) The corporation sold 400,000 shares of its authorized unissued common stock and also exchanged its shares of prior preferred stock for a new convertible preferred stock, and redeemed all unexchanged shares of the prior preferred. The completion of this refinancing resulted in the addition of approximately $2,722,000 to the corporation's treasury.

(2) The corporation also refunded its bank loans by the issuance of $8,000,000 of promissory notes to the Bankers Trust Company and the Metropolitan Life Insurance Company, maturing each year for a period of 15 years. This refunding provided additional cash amounting to approximately $4,786,800.

These notes have been and are presently being repaid at the rate of $500,000 a year. Commencing May 15, 1957 they will be repaid at the rate of $600,000 a year.

Repayment of these notes, plus interest, has required an average of approximately $725,000 annually, or a total to date of $2,988,263. At present the remaining portion of this debt amounts to $5,950,000.

It will be noted that the additional capital ($7,508,800) derived *originally* from the above-described financing closely approximates the increase ($7,280,565) in average monthly inventories and advances to agents since 1938.

Amortization and Depreciation

These charges in 1950 amounted to $1,021,815. In 1945, they amounted to $565,071.

The peak in amortization and depreciation charges was reached in 1950. In 1951, and especially in future years, the total of such charges will be substantially less.

Looking Ahead

Much still needs to be done to get our business into first-class condition. However, basically and fundamentally, we are now in better shape than at any previous time in our history. While remodelling and modernizing, the opening of new stores, and the installation of new equipment, systems and methods are vital to the successful operation of any progressive chain store organization, it appears most unlikely that capital expenditures for these purposes will ever again be as great as they have been in past years. The problem of liquidating the Cigar Store Division is no longer with us. The Agency Division has been established on a solid foundation. The drug store business—which in the past four years has suffered from (1) a diversion of consumer purchasing power; (2) a static and then a declining sales volume (in identical stores); (3) fixed prices and margins; (4) a great increase in the cost of doing business; (5) accelerated and greatly broadened competition—appears, for a variety of reasons, to be again on the verge of a renaissance. If that should prove to be the case, we are in an excellent position to take full advantage of it.

Our long-term debt is being reduced steadily, capital expenditures will be materially less in the future than they have been in the past, and our amortization and depreciation charges will decrease. Our financial condition is good.

There are, however, two non-controllable factors that we must face. How much more will corporation taxes be increased on *normal income?* How much will labor rates and other expenses be permitted to rise while prices and margins remain frozen? We believe that our future progress, as measured in terms of *profit after taxes,* will be more affected by the answers to those two questions than by anything that we ourselves are able to do.

Consolidated Balance Sheets

ASSETS

	December 31, 1950	December 31, 1949
CURRENT ASSETS:		
Cash	$ 2,202,260	$ 2,607,574
United States Government securities, at cost	91,500	101,500
Accounts and notes receivable, less estimated doubtful accounts	3,008,780	2,491,569
Inventories of merchandise and supplies, at cost or market whichever is lower	13,620,125	12,627,068
Merchandise inventories with agents	588,650	540,100
Prepaid insurance, taxes and rents	391,382	403,520
TOTAL CURRENT ASSETS	19,902,697	18,771,331
MISCELLANEOUS INVESTMENTS, at or below cost, and notes and accounts receivable due after one year	255,855	254,226
FIXED ASSETS, at cost or less:		
Land	258,505	268,782
Buildings	1,192,026	1,250,026
Furniture, fixtures and equipment (includes approximately $1,104,000 on which depreciation provided is equal to the asset)	5,981,517	6,120,011
	7,432,048	7,638,819
Less—Depreciation provided	3,046,842	2,921,306
	4,385,206	4,717,513
Improvements to leaseholds, less amortization	3,471,388	3,544,700
Construction in progress	101,906	249,065
TOTAL FIXED ASSETS	7,958,500	8,511,278
DEFERRED CHARGES	154,826	149,686
TOTAL ASSETS	$28,271,878	$27,686,521

LIABILITIES AND CAPITAL

	December 31, 1950	1949
CURRENT LIABILITIES:		
Accounts payable	$ 3,520,358	$ 2,950,858
Dividend payable	38,063	38,939
Taxes accrued and withheld	704,615	705,694
Accrued compensation and other current and accrued liabilities	901,053	899,090
Provision for federal income taxes	326,577	416,924
Notes payable and mortgage payment due within one year	452,103	252,026
TOTAL CURRENT LIABILITIES	5,942,769	5,263,531
LONG-TERM DEBT:		
Notes payable, 2½%, due January and May, 1952 and January, 1953	750,000	1,250,000
Notes payable, 3½%, due 1953-1961	5,000,000	5,000,000
Mortgage payable	171,873	173,976
TOTAL LONG-TERM DEBT	5,921,873	6,423,976
CAPITAL STOCK AND SURPLUS (Notes A and B): —		
Convertible Preferred Stock:		
Authorized and issued—50,000 shares, par value $100 a share, $3.50 dividend cumulative	5,000,000	5,000,000
Common Stock:		
Authorized—3,000,000 shares, par value 30¢ a share		
Issued—2,307,308 shares	692,192	692,192
Paid-in surplus	4,909,489	4,909,489
Earned surplus since July 1, 1939	6,169,432	5,714,143
Less—Treasury stock, at cost: 6,500 shares Convertible Preferred Stock—$363,762, and 38 shares Common Stock—$115 (1949—5,500 shares Convertible Preferred Stock)	(363,877)	(316,810)
TOTAL CAPITAL STOCK AND SURPLUS	16,407,236	15,999,014
TOTAL LIABILITIES AND CAPITAL	$28,271,878	$27,686,521

UNITED CIGAR-WHELAN STORES CORPORATION
(AND SUBSIDIARY COMPANIES)

Consolidated Statement of Profit and Loss

FOR THE YEARS 1950 AND 1949

	1950	*1949*
Net sales	$74,345,868	$75,453,957
Cost of sales	53,888,702	54,506,256
	20,457,166	20,947,701
Display advertising, sundry commissions, etc.	1,785,630	1,607,361
Rentals and other income	1,006,016	864,070
Profit on disposition of fixed assets and leases	151,024	197,413
	23,399,836	23,616,545
Salaries, wages and other compensation	12,636,121	12,668,351
Rent expense	3,937,175	4,024,142
Taxes, other than federal income taxes	1,017,155	935,467
Depreciation and amortization	1,021,815	976,821
Other operating and administrative expenses	3,663,840	3,835,754
Interest on long-term debt	206,913	220,434
Other charges	22,649	20,418
	22,505,668	22,681,387
	894,168	935,158
Federal income taxes:		
Provision for current year	306,000	304,000
Less—Excess provision made in prior years	(22,000)	(111,000)
	284,000	193,000
PROFIT TRANSFERRED TO EARNED SURPLUS	$ 610,168	$ 742,158

UNITED CIGAR-WHELAN STORES CORPORATION

(AND SUBSIDIARY COMPANIES)

Consolidated Statement of Earned Surplus

FOR THE YEARS 1950 AND 1949

	1950	*1949*
BALANCE AT BEGINNING OF YEAR	$5,714,143	$5,135,090
Profit transferred from consolidated statement of profit and loss	610,168	742,158
	6,324,311	5,877,248
Dividends on Convertible Preferred Stock, $3.50 a share	154,879	163,105
BALANCE AT END OF YEAR (Note A)	$6,169,432	$5,714,143

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A: At December 31, 1950 the difference between the involuntary liquidating value of $4,589,250 of the Convertible Preferred Stock outstanding (excluding treasury stock) and the par value of such stock amounted to $239,250. In the opinion of counsel for the corporation the right to the difference between the par value of the Convertible Preferred Stock and such liquidation preference is not a restriction upon the distribution of surplus as dividends.

The corporation's loan agreement covering notes payable provides, among other restrictions and limitations, that the corporation will not declare or pay dividends (other than dividends payable in its common stock) or purchase or redeem any of its outstanding capital stock if: (1) the total disbursements for such dividends, purchases or redemptions will exceed $250,000 plus 60% of consolidated net earnings of the corporation and its subsidiaries accruing subsequent to December 31, 1945, and (2) immediately thereafter, and as a result thereof, consolidated current assets will be less than 133% of consolidated indebtedness. Under the foregoing provisions, the paid-in surplus of $4,909,489 and approximately $4,476,000 of the consolidated earned suplus of $6,169,432 at December 31, 1950 may not be used in the payment of dividends (other than dividends payable in its common stock) or for the purchase or redemption of any outstanding capital stock of the corporation.

NOTE B: The Convertible Preferred Stock is entitled in liquidation to and is redeemable at the option of the corporation in whole or in part upon 30 days' notice at $105 a share during 1951, and at an amount 50¢ less per share cumulative for and during each of the nine years 1952 to 1960, and thereafter at $100 a share plus, in each case, accrued dividends to the date of redemption or liquidation. Each share of Convertible Preferred Stock is exchangeable for 4 shares of common stock.

NOTE C: The corporation and its subsidiaries in the ordinary course of business lease nearly all store properties. At December 31, 1950 there were 197 leases expiring more than three years after that date for which the minimum annual rental was approximately $2,210,000. The majority of these leases provide for additional rental based on percentages of sales in excess of predetermined bases and other factors.

PRICE WATERHOUSE & CO.

56 Pine Street,
New York 5, N. Y.
March 26, 1951

To the Board of Directors of
UNITED CIGAR-WHELAN STORES CORPORATION:

In our opinion, the accompanying financial statements fairly present the financial position of United Cigar-Whelan Stores Corporation and its subsidiary companies at December 31, 1950 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

YOUR BOARD OF DIRECTORS

KENNETH J. HANAU *
(1946)

Chairman of the Board. Executive Vice President, General Manager and Treasurer, Wagner Baking Corp., Newark, N. J.; director, American Equitable Assurance Company of New York, Capital Administration Co., Ltd., Merchants and Manufacturers Insurance Co. of N. Y., Missouri - Kansas - Texas Railroad, National State Bank of Newark, Selected Industries, Inc., Tri-Continental Corporation, First National Bank and Trust Co., Montclair, N. J., Union Bag & Paper Corp., Public Service Electric and Gas Co.

WALTER G. BAUMHOGGER *
(1938)

President and Chairman of the Executive Committee. President from October, 1938; previously President, Certain-teed Products Corp.; previously with Montgomery Ward & Company, successively as Division Manager, General Merchandise Manager, Vice President, Assistant to the President, and Retail Store Vice President; director and member of the Executive Committee, National Association of Chain Drug Stores; director and former Chairman of the Executive Committee, Institute of Distribution.

CHARLES ALLEN, JR.*
(1947)

Senior Partner, Allen & Company, New York; Chairman of the Board, Colorado Fuel and Iron Corp., and director of its subsidiaries, American Wire Fabrics Corp. and Wickwire Spencer Steel Div.; director, Cincinnati, Newport & Covington Railways Co., and Polarus Steamship Co., Inc.; Chairman of the Board, North Kansas City Development Co., Allen Ranches, Inc.

HUGH B. BAKER
(1945)

Partner, Baker, Weeks & Harden, New York; Governor, New York Stock Exchange; director, Bendix Aviation Corp., C.I.T. Financial Corp., Overseas Securities Co., Inc., New York, Chicago & St. Louis Railroad Co., West Kentucky Coal Co.

DAVID G. BAIRD
(1939)

Senior Partner, Baird & Co., New York; director, Seaboard Air Line Railroad, The Marine Midland Trust Company of N. Y., Hudson Motor Car Co., Ekco Products Co., and Nesco, Inc.; formerly and for many years, Vice President of Marsh & McLennan, Inc.

FRANK M. HEAD
(1944)

Vice President and General Manager. In charge of buying, merchandising, inventories, advertising, display and sales promotion; has been in the drug store business for more than forty years; entered the employ of the corporation in 1937 as Merchandise Manager and has since served, among other assignments, as Regional Manager and Director of Drug Store Operations; was elected Vice President of the Corporation in 1942.

The Board of Directors of United Cigar-Whelan Stores Corporation is composed of twelve members—four of whom are also officers of the corporation. They are all successful businessmen and all of them participate in the establishment of basic policies and in appraising results from operations.

Hulbert Hodgins *
(1942)

President, director and Chairman of the Executive Committee, Sloane-Blabon Corp., New York; director and member of the Executive Committee, Alexander Smith & Sons Carpet Co.; Chairman of the Board of Directors, McLain Service Corp. and McLain Motor Line; director and member, Executive Committee, W. & J. Sloane.

R. A. Tompkins *
(1945)

Senior Vice President, Bankers Trust Company, New York; trustee, Bowery Savings Bank; director and Chairman of the Board, American Superpower Corp.; and director, Babcock & Wilcox Co., Coronet Phosphate Co., Detroit Edison Co., Flintkote Co., General American Investors Co., Inc., International Paper Co., National Aviation Corp., Otis Elevator Co., Roosevelt Field Inc., U. S. Leather Co.

Harold W. Jacobsen
(1950)

Vice President and Secretary. In charge of operations, depots and distribution, and industrial relations; entered the employ of the predecessor corporation in 1936 as an attorney; has served as Assistant Secretary and Assistant to the President; was elected Secretary of the corporation in 1945 and Vice President in 1950.

Dallas S. Townsend
(1940)

Partner, Townsend & Lewis, Attorneys, New York; director, Bankers National Life Insurance Co., Domestic Exploration Corp.; Trustee, The Lalor Foundation.

Harry Rubenoff
(1944)

Vice President and General Counsel. In charge of the Legal, Real Estate and Construction Departments; joined the predecessor corporation in 1914; has served also as Secretary and Treasurer; was named General Counsel in 1935; elected Vice President in 1944.

John Whitney
(1944)

Partner, Riter & Co., New York; director, Bendix Home Appliance Corp., E. & G. Brooke Iron Co., Richard Ore Co.

*Member of the Executive Committee

Note: Date in parenthesis indicates the year first elected a director.

As one of the owners of United Cigar-Whelan Stores Corporation, you are urged to patronize the stores carrying your corporation's name. The photographs on this page of typical store interiors show you what has been done in recent years to make your stores second to none. Use your company's stores — and urge your friends to do the same.